

**REPORT OF THE AUDIT OF THE  
LINCOLN COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE LINCOLN COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**

The Auditor of Public Accounts has completed the Lincoln County Fiscal Court audit for fiscal year ended June 30, 2003. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Fund balances increased by \$439,832 from the beginning of the year, resulting in a cash surplus of \$2,260,565 as of June 30, 2003.

#### **Debt Obligations:**

Total bonded debt principal as of June 30, 2003, was \$1,735,000. Future collections of \$3,255,946 are needed over the next 24 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$2,118,646 as of June 30, 2003. Future principal and interest payments of \$3,044,721 are needed to meet these obligations.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT .....	1
LINCOLN COUNTY OFFICIALS .....	3
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY ARISING FROM CASH TRANSACTIONS .....	6
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES .....	12
NOTES TO FINANCIAL STATEMENTS .....	15
SUPPORTING SCHEDULES:	
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE .....	29
SCHEDULE OF OPERATING REVENUE .....	33
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES .....	37
SCHEDULE OF PUBLIC PROPERTIES CORPORATION EXPENDITURES.....	41
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	45
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	53
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	57
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	59
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary, Finance and Administration Cabinet  
Honorable Ronald W. Gilbert, Lincoln County Judge/Executive  
Members of the Lincoln County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Lincoln County, Kentucky, as of June 30, 2003, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Lincoln County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Lincoln County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising primarily from cash transactions as of June 30, 2003, of Lincoln County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary, Finance and Administration Cabinet

Honorable Ronald W. Gilbert, Lincoln County Judge/Executive

Members of the Lincoln County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2003, on our consideration of Lincoln County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Lincoln County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen

Auditor of Public Accounts

Audit fieldwork completed -

December 16, 2003



LINCOLN COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2003

**Fiscal Court Members:**

Ronald W. Gilbert	County Judge/Executive
Earlin Cress	Magistrate
Mark Denham	Magistrate
Bill Dyehouse	Magistrate
Terry L. Wilcher	Magistrate

**Other Elected Officials:**

John E. Hackley	County Attorney
William David Gooch	Jailer
George O. Spoonamore, III	County Clerk
Teresa Reed	Circuit Court Clerk
Shelby R. Lakes	Sheriff
David Gambrel	Property Valuation Administrator
William Demrow	Coroner

**Appointed Personnel:**

Teresa Padgett	County Treasurer
Patricia Young	Occupational Tax Collector
Jessica Roark	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

LINCOLN COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2003

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>Assets and Other Resources</u>			
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,845,067	\$ 244,751	\$ 171,062
Total Assets	\$ 1,845,067	\$ 244,751	\$ 171,062
<u>Other Resources</u>			
Amounts to Be Provided in Future Years for:			
Kentucky Association of Counties Leasing Trust Lease Agreements - Principal	\$ 1,744,539	\$	\$
Administrative Office of the Courts and Fiscal Court for Bond Payments			1,563,938
Administrative Office of the Courts and Fiscal Court for Kentucky Area Development District Financing Trust Lease Agreement - Principal			310,000
Capital Leases - Sheriff's Cruisers	64,107		
Total Other Resources	\$ 1,808,646	\$ 0	\$ 1,873,938
Total Assets and Other Resources	\$ 3,653,713	\$ 244,751	\$ 2,045,000

The accompanying notes are an integral part of the financial statements.

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY  
 STATEMENT OF ASSETS, LIABILITIES,  
 AND EQUITY ARISING FROM CASH TRANSACTIONS  
 June 30, 2003  
 (Continued)

	General	Special Revenue	Debt Service
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Kentucky Association of Counties Leasing Trust Lease Agreements (Note 5, A-H)	\$ 1,744,539	\$	\$
Kentucky Area Development District Financing Trust Lease Agreement (Note 5, I)			310,000
Bonds:			
Series 1996 (Note 4)			1,735,000
Capital Leases - Sheriff's Cruisers (Note 5, J-M)	64,107		
Payroll Revolving Account	9,677		
Total Liabilities	<u>\$ 1,818,323</u>	<u>\$ 0</u>	<u>\$ 2,045,000</u>
<u>Equity</u>			
Fund Balances:			
Reserved	\$	\$ 244,751	\$
Unreserved	1,835,390		
Total Equity	<u>\$ 1,835,390</u>	<u>\$ 244,751</u>	<u>\$ 0</u>
Total Liabilities and Equity	<u>\$ 3,653,713</u>	<u>\$ 244,751</u>	<u>\$ 2,045,000</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY  
 STATEMENT OF ASSETS, LIABILITIES,  
 AND EQUITY ARISING FROM CASH TRANSACTIONS  
 June 30, 2003  
 (Continued)

<hr/>	
<u>Enterprise</u>	
\$	\$ 1,744,539
	310,000
	1,735,000
	64,107
	<u>9,677</u>
<u>\$ 0</u>	<u>\$ 3,863,323</u>
\$ 9,362	\$ 254,113
	<u>1,835,390</u>
<u>\$ 9,362</u>	<u>\$ 2,089,503</u>
<u>\$ 9,362</u>	<u>\$ 5,952,826</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LINCOLN COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2003

	General Fund Type			
	General Fund	Road and Bridge Fund	Jail Fund	Local Government Economic Assistance Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 1,669,144	\$ 1,124,087	\$ 816,891	\$ 32,356
Receipts - Jail Canteen				
Other Financing Sources:				
Transfers In	77,332	400,000		
Kentucky Advance Revenue Program-Principal	531,100			
Interest	6,552			
Lease-Purchase Proceeds	358,115			
Total Cash Receipts	<u>\$ 2,642,243</u>	<u>\$ 1,524,087</u>	<u>\$ 816,891</u>	<u>\$ 32,356</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,048,033	\$ 1,481,851	\$ 779,760	\$ 55,370
Expenditures - Jail Canteen				
Other Financing Uses:				
Schedule of Public Properties				
Corporation Expenditures				
Transfers Out	39,912			
Bonds:				
Principal Paid				
Interest Paid				
KACO Leasing Trust - Principal	82,073			
Sheriff's Cruisers - Principal	16,714			
KADD Financing Trust - Principal				
Kentucky Advance Revenue Program-Principal Paid	531,100			
Interest Paid	4,510			
Total Cash Disbursements	<u>\$ 2,722,342</u>	<u>\$ 1,481,851</u>	<u>\$ 779,760</u>	<u>\$ 55,370</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (80,099)	\$ 42,236	\$ 37,131	\$ (23,014)
Cash Balance - July 1, 2002	<u>493,098</u>	<u>32,940</u>	<u>124,825</u>	<u>31,994</u>
Cash Balance - June 30, 2003	<u>\$ 412,999</u>	<u>\$ 75,176</u>	<u>\$ 161,956</u>	<u>\$ 8,980</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
For The Fiscal Year Ended June 30, 2003  
(Continued)

General Fund Type	Special Revenue Fund Type		Debt Service Fund Type
Occupational Tax Fund	Federal Grants Fund	Law Enforcement Facilities Fund	Public Properties Corporation
\$ 1,063,083	\$ 744,511	\$ 219	\$ 126,867
	260,855		39,912
\$ 1,063,083	\$ 1,005,366	\$ 219	\$ 166,779
\$ 94,615	\$ 792,213	\$	\$
			17,480
738,187			
			5,000
			108,468
			10,000
\$ 832,802	\$ 792,213	\$ 0	\$ 140,948
\$ 230,281	\$ 213,153	\$ 219	\$ 25,831
945,998	20,737	10,642	145,231
\$ 1,176,279	\$ 233,890	\$ 10,861	\$ 171,062

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY  
 STATEMENT OF CASH RECEIPTS,  
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
 For The Fiscal Year Ended June 30, 2003  
 (Continued)

	Enterprise Fund Type	
	Jail Canteen Fund	Totals (Memorandum Only)
<u>Cash Receipts</u>		
Schedule of Operating Revenue	\$	\$ 5,577,158
Receipts - Jail Canteen	93,701	93,701
Other Financing Sources:		
Transfers In		778,099
Kentucky Advance Revenue Program-		
Principal		531,100
Interest		6,552
Lease-Purchase Proceeds		358,115
Total Cash Receipts	\$ 93,701	\$ 7,344,725
<u>Cash Disbursements</u>		
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	\$ 5,251,842
Expenditures - Jail Canteen	99,607	99,607
Other Financing Uses:		
Schedule of Public Properties		
Corporation Expenditures		17,480
Transfers Out		778,099
Bonds:		
Principal Paid		5,000
Interest Paid		108,468
KACO Leasing Trust - Principal		82,073
Sheriff's Cruisers - Principal		16,714
KADD Financing Trust - Principal		10,000
Kentucky Advance Revenue Program-		
Principal Paid		531,100
Interest Paid		4,510
Total Cash Disbursements	\$ 99,607	\$ 6,904,893
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (5,906)	\$ 439,832
Cash Balance - July 1, 2002	15,268	1,820,733
Cash Balance - June 30, 2003	\$ 9,362	\$ 2,260,565

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2003

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Lincoln County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Lincoln County Public Properties Corporation as part of the reporting entity.

The Public Properties Corporation (the Corporation) is a legally separate entity established to provide long-term debt service for the Fiscal Court. The Corporation's governing body consists entirely of Fiscal Court members. Therefore, management must include the Corporation as part of the reporting entity, and the Corporation's financial activity will be blended with that of the Fiscal Court.

Additional - Lincoln County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Lincoln County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Lincoln County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Lincoln County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, and the Occupational Tax Fund.

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Lincoln County Special Revenue Fund Type includes the following county funds: Federal Grants Fund and Law Enforcement Facilities Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

4) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Lincoln County Enterprise Fund Type includes the jail canteen fund, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates.

5) Trust and Agency Fund Type

Trust and Agency Fund Type accounts for assets held in a trustee or agency capacity for others, and therefore cannot be used to support the county's own programs. The Lincoln County Trust and Agency Fund Type includes the Jail Inmate Account.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget

The Lincoln County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on this criterion, the McKinney Water District is considered a related organization of Lincoln County Fiscal.

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Jointly Governed Organizations

The Stanford/Lincoln County Industrial Authority, whose purpose is to acquire and develop industrial sites and plants for the community, is a joint board of the County and City. The County Judge/Executive with the approval of fiscal court appoints three members and the Mayor with the approval of the city council appoints three members. The County has no equity interest. The County did not contribute any funds to the Stanford/Lincoln County Industrial Authority for the year ended June 30, 2003.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2003, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.



LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 4. Long-Term Debt

Bonds outstanding of the Public Properties Corporation Fund are \$1,735,000 in First Mortgage Revenue Bonds series 1996 dated May 1, 1996 bearing interest ranging from 5.25% to 6.00%. The schedule below sets forth Lincoln County's annual debt service of the bonds after deducting Administrative Office of the Courts' (AOC) rental payments and interest earned or principal credited from the Debt Service Reserve Fund.

Fiscal Year Ending June 30	Principal Payment	Interest Payment	Total Payment	Less Debt Service Reserve & Cap. Interest	Less AOC Rental Amount*	Net Amount Due From County
2004	\$ 35,000	\$ 108,205	\$ 143,205	\$ (7,988)	\$ (97,142)	\$ 38,075
2005	35,000	106,368	141,368	(7,988)	(97,142)	36,238
2006	40,000	104,530	144,530	(7,988)	(97,142)	39,400
2007	40,000	102,430	142,430	(7,988)	(97,142)	37,300
2008	45,000	100,230	145,230	(7,988)	(97,142)	40,100
2009-2013	255,000	460,490	715,490	(39,940)	(485,710)	189,840
2014-2018	335,000	374,355	709,355	(39,940)	(485,710)	183,705
2019-2023	460,000	253,175	713,175	(39,940)	(485,710)	187,525
2024-2027	490,000	82,225	572,225	(177,182)	(388,568)	6,475
Totals	<u>\$ 1,735,000</u>	<u>\$ 1,692,008</u>	<u>\$ 3,427,008</u>	<u>\$ (336,942)</u>	<u>\$ (2,331,408)</u>	<u>\$ 758,658</u>

\* In accordance with a sublease agreement between AOC and the Lincoln County Fiscal Court dated May 1, 1996, AOC committed itself to participate in providing part of the costs of constructing a courthouse annex through use allowance payments.

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 5. Capital Lease Agreements

- A. On August 21, 1992, the Lincoln County Fiscal Court entered into a 20-year leasing agreement with KACO Leasing Trust for the purchase of an E-911 building facility. Principal payments are due annually by January 20. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Principal Payment</u>
2004	\$ 2,298	\$ 3,000
2005	2,085	4,000
2006	1,834	4,000
2007	1,584	4,000
2008	1,308	5,000
2009-2012	2,469	18,000
Totals	<u>\$ 11,578</u>	<u>\$ 38,000</u>

- B. On August 17, 1993, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACO Leasing Trust for the purchase of E-911 equipment. Principal payments are due monthly. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2004	<u>\$ 10</u>	<u>\$ 1,554</u>

- C. On April 6, 1996, the Lincoln County Fiscal Court entered into a 23-year leasing agreement with KACO Leasing Trust for the City of Stanford's Pine Hall Water Project. Principal payments are due annually by January 20. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2004	\$ 25,674	\$ 18,000
2005	24,533	19,000
2006	23,330	20,000
2007	22,066	21,000
2008	20,739	22,000
2009-2013	81,605	126,000
2014-2018	37,741	160,000
2019	1,301	36,000
Totals	<u>\$ 236,989</u>	<u>\$ 422,000</u>

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 5. Capital Lease Agreements (Continued)

- D. On April 5, 2001, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACO Leasing Trust for the purchase of two fire trucks. Principal payments are due annually by January 20. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2004	\$ 10,102	\$ 23,000
2005	8,934	24,000
2006	7,716	25,000
2007	6,448	26,000
2008	5,131	27,000
2009-2011	6,986	87,108
Totals	<u>\$ 45,317</u>	<u>\$ 212,108</u>

- E. On May 16, 2001, the Lincoln County Fiscal Court entered into a 20-year leasing agreement with KACO Leasing Trust for the construction of a Senior Citizens Center. Principal payments are due annually by January 20. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2004	\$ 33,024	\$ 20,000
2005	31,791	25,000
2006	30,396	25,000
2007	29,000	25,000
2008	27,605	25,000
2009-2013	114,840	150,000
2014-2018	67,303	190,000
2019-2021	12,652	140,000
Totals	<u>\$ 346,611</u>	<u>\$ 600,000</u>

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 5. Capital Lease Agreements (Continued)

- F. On December 6, 2001, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACO Leasing Trust for the purchase of a fire truck. Principal payments are due annually by January 20. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2004	\$ 5,310	\$ 10,810
2005	4,778	11,243
2006	4,226	11,692
2007	3,652	12,160
2008	3,055	12,646
2009-2012	<u>5,754</u>	<u>55,850</u>
Totals	<u>\$ 26,775</u>	<u>\$ 114,401</u>

- G. On April 22, 2003, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACO Leasing Trust for the purchase of two fire pumper trucks. Principal payments are due monthly. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest and Fees</u>	<u>Principal Amount</u>
2004	\$ 9,822	\$ 20,116
2005	8,927	20,974
2006	8,042	21,867
2007	7,103	22,800
2008	6,135	23,771
2009-2013	<u>14,416</u>	<u>132,455</u>
Totals	<u>\$ 54,445</u>	<u>\$ 241,983</u>

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 5. Capital Lease Agreements (Continued)

H. On May 2, 2003, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACO Leasing Trust for the acquisition of land for the First Southern Veterans Park. Principal payments are due monthly. Remaining principal and interest payments are:

Fiscal Year Ending June 30	Scheduled Interest	Principal Amount
2004	\$ 3,907	\$ 9,962
2005	3,021	10,266
2006	2,710	10,580
2007	2,386	10,903
2008	2,054	11,236
2009-2013	4,856	61,546
Totals	<u>\$ 18,934</u>	<u>\$ 114,493</u>

Total KACO Leasing Trust Agreements	<u>\$ 1,744,539</u>
-------------------------------------	---------------------

I. On June 24, 1999, the Lincoln County Fiscal Court entered into a 20-year leasing agreement with KADD Financing Trust for construction costs to complete the second floor of the courthouse annex. Remaining principal and interest payments are:

Fiscal Year Ending June 30	Principal Payment	Interest Payment	Trustee Fee	Total Payment	Less AOC Rental Amount*	Net Amount Due From County
2004	\$ 10,000	\$ 16,320	\$ 500	\$ 26,820	\$ (28,000)	\$ (1,180)
2005	15,000	15,880	500	31,380	(28,000)	3,380
2006	15,000	15,145	500	30,645	(28,000)	2,645
2007	15,000	14,410	500	29,910	(28,000)	1,910
2008	15,000	13,675	500	29,175	(28,000)	1,175
2009-2013	80,000	56,990	2,500	139,490	(140,000)	(510)
2014-2018	110,000	32,685	2,500	145,185	(140,000)	5,185
2019-2020	50,000	4,125	1,000	55,125	(56,000)	(875)
Totals	<u>\$ 310,000</u>	<u>\$ 169,230</u>	<u>\$ 8,500</u>	<u>\$ 487,730</u>	<u>\$ (476,000)</u>	<u>\$ 11,730</u>

\* In accordance with a sublease agreement between Administrative Office of the Courts (AOC) and the Lincoln County Fiscal Court dated April 15, 1998, AOC committed itself to participate in providing part of the costs of completing the second floor of the courthouse annex through use allowance payments.

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 5. Capital Lease Agreements (Continued)

- J. On April 17, 2001, the Lincoln County Fiscal Court entered into a 4-year leasing agreement with Ford Motor Credit Company for the purchase of a Sheriff's cruiser. Payments are due annually by April 17. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2004	\$ 360	\$ 5,706

- K. On September 18, 2001, the Lincoln County Fiscal Court entered into a 4-year leasing agreement with Ford Motor Credit Company for the purchase of a Sheriff's cruiser. Payments are due annually by September 18. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2004	\$ 695	\$ 5,305
2005	358	5,642
Totals	\$ 1,053	\$ 10,947

- L. On July 5, 2002, the Lincoln County Fiscal Court entered into a 4-year leasing agreement with Ford Motor Credit Company for the purchase of a Sheriff's cruiser. Payments are due annually by July 5. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2004	\$ 1,136	\$ 5,048
2005	783	5,401
2006	404	5,779
Totals	\$ 2,323	\$ 16,228

LINCOLN COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2003  
 (Continued)

Note 5. Capital Lease Agreements (Continued)

M. On February 4, 2003, the Lincoln County Fiscal Court entered into a 4-year leasing agreement with Ford Motor Credit Company for the purchase of two Sheriff's cruisers. Payments are due annually by February 4. Remaining principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2004	\$ 1,936	\$ 9,789
2005	1,329	10,396
2006	685	11,041
Totals	<u>\$ 3,950</u>	<u>\$ 31,226</u>
Total Ford Motor Credit Leases		<u>\$ 64,107</u>

Note 6. E-911 Sublease Agreements

- A. August 21, 1992, the Lincoln County Fiscal Court entered into a 20-year lease agreement with KACO Leasing Trust for the purchase of an E-911 building. On that same date, Lincoln County Fiscal Court and Lincoln County Emergency Communications Commission entered into a sublease which stated that for and in consideration of E-911 being allowed to utilize the properties as set up in the KACO Leasing Trust agreement with the county, E-911 will reimburse the county all rental payments as set out in the county's KACO Leasing Trust agreement. As of June 30, 2003, the Lincoln County Emergency Communications Commission was in substantial compliance with the agreement.
- B. On August 10, 1993, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACO Leasing Trust for the purchase of E-911 equipment. On that same date, Lincoln County Fiscal Court and Lincoln County Emergency Communications Commission entered into a sublease which stated that for and in consideration of E-911 being allowed to utilize the properties as set up in the KACO Leasing Trust agreement with the county, E-911 will reimburse the county all rental payments as set out in the county's KACO Leasing Trust agreement. As of June 30, 2003, the Lincoln County Emergency Communications Commission was in substantial compliance with the agreement.

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 7. City of Stanford Sublease Agreement

On April 4, 1996, the Lincoln County Fiscal Court entered into a 23-year leasing agreement with KACO Leasing Trust for the City of Stanford's Pine Hall Water Project. On that same date, Lincoln County Fiscal Court and the City of Stanford entered into a sublease which stated the City of Stanford will reimburse the county all rental payments as set out in the county's KACO Leasing Trust agreement. As of June 30, 2003, the City of Stanford was in substantial compliance with the agreement.

Note 8. Insurance

For the fiscal year ended June 30, 2003, Lincoln County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Jail Inmate Account

Presentation of Changes in Assets and Liabilities is required for Trust and Agency Funds. The Jail Inmate Account is presented as a Trust and Agency Fund; therefore, presentation of this information is required.

<u>Jail Inmate Account</u>	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2003</u>
Assets:				
Cash With Fiscal Agents	\$ 7,861	\$ 123,598	\$ 124,536	\$ 6,923
Total Assets	<u>\$ 7,861</u>	<u>\$ 123,598</u>	<u>\$ 124,536</u>	<u>\$ 6,923</u>
Liabilities:				
Amounts Held In Custody				
For Others	\$ 7,861	\$ 123,598	\$ 124,536	\$ 6,923
Total Liabilities	<u>\$ 7,861</u>	<u>\$ 123,598</u>	<u>\$ 124,536</u>	<u>\$ 6,923</u>



COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



LINCOLN COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 1,437,657	\$ 1,669,144	\$ 231,487
Road and Bridge Fund	1,010,500	1,124,087	113,587
Jail Fund	812,353	816,891	4,538
Local Government Economic Assistance Fund	35,525	32,356	(3,169)
Occupational Tax Fund	1,006,350	1,063,083	56,733
<u>Special Revenue Fund Type</u>			
Federal Grants Fund	1,472,406	744,511	(727,895)
Law Enforcement Facilities Fund	595	219	(376)
Totals	<u>\$ 5,775,386</u>	<u>\$ 5,450,291</u>	<u>\$ (325,095)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 5,775,386
Add: Budgeted Prior Year Surplus			1,544,966
Add: Other Financing Sources			358,115
Less: Other Financing Uses			<u>(139,699)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 7,538,768</u>

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SCHEDULE OF OPERATING REVENUE



LINCOLN COUNTY  
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

<u>Revenue Categories</u>	<u>GOVERNMENTAL FUND TYPES</u>			
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Debt Service Fund Type
Taxes	\$ 1,816,231	\$ 1,816,231	\$	\$
Excess Fees	75,002	75,002		
Licenses and Permits	61,207	61,207		
Intergovernmental Revenues	2,670,714	2,160,061	385,511	125,142
Charges for Services	361,145	361,145		
Miscellaneous Revenues	566,956	207,805	359,151	
Interest Earned	25,903	24,110	68	1,725
Total Operating Revenue	<u>\$ 5,577,158</u>	<u>\$ 4,705,561</u>	<u>\$ 744,730</u>	<u>\$ 126,867</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



LINCOLN COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2003

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 784,576	\$ 734,185	\$ 50,391
Protection to Persons and Property	1,195,077	1,079,472	115,605
General Health and Sanitation	292,969	265,552	27,417
Social Services	168,062	114,691	53,371
Recreation and Culture	318,034	208,167	109,867
Roads	1,479,045	1,233,215	245,830
Debt Service	83,618	83,304	314
Capital Projects	123,000	84,845	38,155
Administration	1,318,302	656,198	662,104
 Total Operating Budget - General Fund Type	 \$ 5,762,683	 \$ 4,459,629	 \$ 1,303,054
Other Financing Uses:			
Transfers to Public Properties Corporation -			
Principal	12,807	12,807	
Interest	27,105	27,105	
KACO Leasing Trust Agreements - Principal			
E-911 Building	3,000	2,000	1,000
E-911 Equipment	9,039	9,039	
Pine Hall Water Project	17,000	17,000	
Fire Trucks	22,000	22,000	
Senior Citizens Building	20,000	20,000	
Fire Truck	10,395	10,395	
Fire Pumper Trucks	1,639	1,639	
Capital Lease Agreements - Principal			
Sheriff's Cruisers	16,714	16,714	
 TOTAL BUDGET - GENERAL FUND TYPE	 \$ 5,902,382	 \$ 4,598,328	 \$ 1,304,054

LINCOLN COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES  
For The Fiscal Year Ended June 30, 2003  
(Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Capital Projects	\$ 1,776,085	\$ 792,213	\$ 983,872
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 1,776,085</u>	<u>\$ 792,213</u>	<u>\$ 983,872</u>

SCHEDULE OF PUBLIC PROPERTIES CORPORATION EXPENDITURES



LINCOLN COUNTY  
SCHEDULE OF PUBLIC PROPERTIES CORPORATION EXPENDITURES

For The Fiscal Year Ended June 30, 2003

Expenditure Items

KADD Lease Agreement -

Interest	\$ 16,840
Fees	500
Research Fees	<u>140</u>
Totals	<u><u>\$ 17,480</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary, Finance and Administration Cabinet

Honorable Ronald W. Gilbert, Lincoln County Judge/Executive

Members of the Lincoln County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Lincoln County, Kentucky, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 16, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lincoln County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lincoln County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and the federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

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Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
December 16, 2003

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary, Finance and Administration Cabinet  
Honorable Ronald W. Gilbert, Lincoln County Judge/Executive  
Members of the Lincoln County Fiscal Court

Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Lincoln County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Lincoln County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lincoln County's management. Our responsibility is to express an opinion on Lincoln County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lincoln County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lincoln County's compliance with those requirements.

In our opinion, Lincoln County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.



Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance

The management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lincoln County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
December 16, 2003



## FINDINGS AND QUESTIONED COSTS



LINCOLN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 2003

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Lincoln County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Lincoln County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Lincoln County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Lincoln County reported in Part C of this schedule.
7. The program tested as a major program was: U. S. Department of Commerce - Public Works Grant - Rowland Industrial Park - CFDA #11.300
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Lincoln County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM  
AUDIT

None.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS



LINCOLN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2003

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
 Cash Programs:		
 <u>U. S. Department of Commerce</u>		
 Direct Program:		
Economic Development Administration - Public Works - Rowland Industrial Park (CFDA #11.300)	04-01-04881	\$ 385,511
Passed-Through Eastern Kentucky PRIDE, Inc. PRIDE Community Grant Program (CFDA #11.469)	CF02-19	<u>36,235</u>
Total U.S. Department of Commerce		\$ 421,746
 <u>U.S. Department of Justice</u>		
 Direct Program:		
Office of Justice Programs- COPS Universal Hiring Program (CFDA #16.710 )	#2002UMXW 0128-064985	\$ 19,523
Passed-Through State Justice Cabinet: JAIBG Juvenile Justice Grant (CFDA #16.523 )	2001-JB-BX- 0021 (208)	<u>7,994</u>
Total U.S. Department of Justice		\$ 27,517
 <u>U.S. Appalachian Regional Commission</u>		
 Passed-Through State Department for Local Government:		
FLEX-E Program (CFDA #23.011)	Not Available	\$ 9,000

LINCOLN COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Fiscal Year Ended June 30, 2003  
 (Continued)

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U. S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grants- Coordinator Salary (CFDA #83.503)	Not Available	\$ 1,213
<u>U.S. Department of Homeland Security</u>		
Passed-Through State Department of Military Affairs:		
Public Assistance Grants - Severe Weather - May 2002 (CFDA #97.036)	FEMA-1414-DR- KY 137-99137-00	\$ 2,788
Total Cash Expenditures of Federal Awards		<u>\$ 462,264</u>



LINCOLN COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2003

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lincoln County, Kentucky, and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

LINCOLN COUNTY FISCAL COURT

For The Fiscal Year Ended  
June 30, 2003



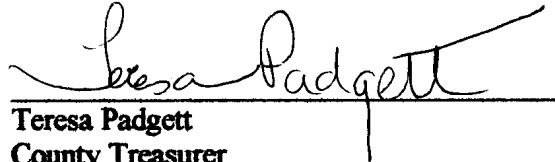
**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**  
**LINCOLN COUNTY FISCAL COURT**

**For The Fiscal Year Ended June 30, 2003**

The Lincoln County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in black ink, appearing to read "R. W. Gilbert", written over a horizontal line.

**R. W. Gilbert**  
**County Judge/Executive**

A handwritten signature in black ink, appearing to read "Teresa Padgett", written over a horizontal line.

**Teresa Padgett**  
**County Treasurer**



